



Fiscal Services Division
P.O. Box 942703
Sacramento, CA 94229-2703
TTY: For Speech & Hearing Impaired - (916) 795-3240
(916) 795-7756 FAX (916) 795-7900

September 14, 2010

AGENDA ITEM 6c

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** Fiscal Year (FY) 2009-10 Fourth Quarter Delinquency Report
- II. PROGRAM(S):** Systemwide
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

This item represents the FY 2009-10 Fourth Quarter Delinquency Report. Delinquencies are defined as those receivables which are past due over 30 days from the date at which the originating program identifies them as due. In early 2009, fiscal staff reported an enhanced system to track long-term receivables was being built as part of the Financial System Integration into the Pension System Resumption Project. In addition, staff reported the need to establish an interim process which would coordinate the tracking of all delinquencies from the CalPERS program areas. The first quarterly delinquency report (FY 2008-09 Fourth Quarter Delinquency Report) was presented to the Finance Committee and shared with the Board of Administration (Board) in September 2009. This report represents our fifth quarterly report to the Finance Committee.

V. HIGHLIGHTS

CalPERS has now established procedures to improve accountability, identify issues which require escalation, produce detailed reports, and taken a proactive approach to addressing delinquencies.

The chart on the following page provides a detailed summary of delinquencies identified by programs and the age of the delinquency for the fourth quarter of FY 2009-10.

Delinquencies are categorized into four main areas: Health, Employer, Member, and Other. The age of delinquency categories are consistent with industry best practices.

FY 2009-10 Fourth Quarter Delinquencies					
Age of Delinquency	Health	Employer	Member	Other	Totals
31-60 Days	\$263,785	\$46,415	\$81,757	\$7,153	\$399,110
61-90 Days	70,305	65,238	15	789	136,347
91-120 Days	3,233	16,677	0	13,097	33,007
121 Days-1 Year	60,519	61,928	219,545	13,547	355,539
1-3 Years	84,930	161,775	57,522	29,303	333,530
3-5 Years	19,233	15,696	8,529	0	43,458
> 5 Years	9,491	2,930	0	8,932	21,353
Totals	\$511,496	\$370,659	\$367,368	\$72,821	\$1,322,344

Below is a brief summary outlining significant attributes related to the Fourth Quarter Delinquency Report for FY 2009-10.

- Outstanding delinquencies have been reduced by approximately \$722,836 or 35.3 percent since the last quarterly report.
- Delinquent Health receivables total \$511,496 or about 38.7 percent of the total delinquencies being reported and have been reduced by 8.4 percent since the last quarterly report.
- Delinquent Employer receivables total \$370,659 million or about 28.0 percent of the total delinquencies being reported and have been reduced by 67.5 percent since the last quarterly report.
- Delinquent Member receivables total \$367,368 or about 27.8 percent of the total delinquencies being reported and have increased by 29.4 percent since the last quarterly report.
- Delinquent Other receivables total \$72,821 or about 5.5 percent of the total delinquencies being reported and have increased by 15.1 percent since the last quarterly report.

At the request of the Board, the chart on the following page has been prepared to provide a comparison between the delinquency totals from this quarter with those provided in the previous report.

Comparison of Delinquencies by Quarter					
	Health	Employer	Member	Other	Totals
FY 2009-10 Third Quarter	\$558,669	\$1,139,373	\$283,858	\$63,280	\$2,045,180
FY 2009-10 Fourth Quarter	\$511,496	\$370,659	\$367,368	\$72,821	\$1,322,344
Change (\$)	(47,173)	(768,714)	83,510	9,541	(722,836)
Change (%)	(8.44%)	(67.47%)	29.42%	15.08%	(35.34%)

() denotes a negative value

It is important to note that CalPERS collects approximately \$985 million in receivables monthly. The current outstanding delinquencies represent less than 0.2 percent of the monthly collections.

VI. STRATEGIC PLAN:

This item is not a specific product of the Strategic or Annual Plans but is part of Fiscal Services Division's Accounting Action Plan's overall effort to improve financial integrity.

VII. RESULTS/COSTS:

Not Applicable.

DAVE G. CORNEJO, Assistant Chief
Fiscal Services Division

RUSSELL G. FONG, Chief
Fiscal Services Division

LARRY JENSEN
Assistant Executive Officer
Administrative Services Branch